



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 3, 2010

Donald Dame, Vice President Human Resources
General Dynamics NASSCO
2798 Harbor Drive
San Diego, CA 92113

Dear Mr. Dame:

RE: **FINAL MONITORING VISIT REPORT** for General Dynamics NASSCO, **ET09-0223**

Date of the Visit:	2/24/10
Beginning/Ending Time:	8:30 a.m. – 10:40 a.m.
Date of Last Visit:	7/21/09
Visit Location:	San Diego
Persons in attendance:	Valerie Houlihan, Manager of Employee Development, NASSCO; Shirley Elgas, Sr. Data Coordinator, NASSCO; and Krista Campion, Contract Analyst, Employment Training Panel
Action Required:	No

CONTRACT INFORMATION

Term of Agreement:	10/20/08 – 10/19/10	Agreement Amount:	\$612,000
Training Start Date:	10/21/08	No. to Retain:	1,000
Date Training must be Completed:	7/19/10	Range of Hours:	24 – 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	40

**ACTION ITEMS REMAINING
FROM THE PRIOR VISIT:**

None

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ETP (05/16/2007)

FINAL REPORT SUMMARY

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on 11/21/08. Training commenced on 10/21/08 and the last day of ETP training was 2/03/10, which allows for the 90-day retention period to be completed within the term of the Agreement – 10/19/10.

There were no Modifications or Amendments processed during the term for this Agreement.

• INTERVIEW WITH VALERIE HOULIHAN, MANAGER OF EMPLOYEE DEVELOPMENT

General Dynamic NASSCO (NASSCO) designs, builds and repairs ocean-going, auxiliary and support ships for the U.S. Navy, and oil tankers and dry cargo carriers for commercial markets. This project was designed to provide advanced job skills training for approximately 900 frontline workers and 100 supervisors and managers in Manufacturing Skills, Continuous Improvement, Computer Skills, and Literacy Skills.

Ms. Houlihan reported that the ETP training was very effective and beneficial to the company. She stated that one of the benefits of this training program was the Manufacturing Skills training in Advanced Fabrication which increased the job skills of Shipyard Workers and provided increased job efficiencies and productivity in the shipyard. Additionally, she stated that the Continuous Improvement training in Lead Six Sigma and Quality Systems has helped to establish a training culture at the company, increased job skills, and brought “process improvement” to the forefront. As a result, NASSCO has seen significant cost-savings due to process improvements made in the production areas.

Ms. Houlihan reported that this second ETP project was successful in part due to her understanding of ETP requirements and her ability to “drive” the program. As a result, NASSCO projects to earn 100% of the Agreement amount when the final closeout invoice is processed by ETP (see discussion below for the details on projected earnings).

PROJECT STATUS PROVIDED BY THE CONTRACTOR

Trainees Started Training:	1,825	Completed Training:	560
Trainees Enrolled:	1,865	Completed Retention:	445
Dropped Following Enrollment:	1,000	In Retention Period:	115
No. Completed Minimum Reimbursable Hours:	560		

Note: The above statistics reflect what is currently shown in ETP on-line systems. In reality, NASSCO completed training for significantly more trainees than what it will be reimbursed for, given the limits of the funding for this project. Additionally, more drops will be submitted prior to the submission of the final closeout invoice.

Be advised that NASSCO has documented in excess of \$661,000 in training hours in the ETP class/lab tracking system; however, the maximum amount of available ETP reimbursement is \$612,000 as specified in the Agreement.

PROJECTED EARNINGS / NUMBER TO RETAIN

Ms. Houlihan confirmed that more than 560 retrainees have completed the minimum number of hours to qualify for reimbursement, which is consistent with the information in the ETP class/lab tracking system. The per trainee reimbursement for class/lab training is based on the total actual number of training hours completed for each trainee, provided the minimum (24) and no more than the maximum (200) class/lab training hours are completed, and all other Agreement terms and conditions are met.

The 560 retrainees referenced above have completed from 24 to 200 hours of class/lab training, for a grand total of 43,252 hours of training, which equates to more than 100% of the Agreement amount. This includes a 15% substantial contribution as specified in the Agreement.

Although this project was written for an average of 1,000 trainees receiving an average of 40 hours of training per person, in actuality, NASSCO provided more training hours per person than originally planned. Therefore, NASSCO will be reimbursed for fewer trainees than originally planned.

CLOSEOUT INVOICE

To date, NASSCO has been reimbursed by ETP a total of \$138,770 in progress payments and final payments, of which \$72,368 is considered *earned*. Ms. Houlihan projects to submit the final closeout invoice by the end of May 2010. Please be advised that the final closeout invoice must be submitted to ETP no later than 11/19/10 in order to determine final earnings. Failure to submit the final closeout invoice may result in an overpayment plus interest for funds paid but not earned.

ATTENDANCE ROSTERS

Attendance Rosters reviewed:	10 Trainees covering 5/05/09 – 1/29/10	Rosters reviewed contained all the required information per Title 22, California Code of Regulations, Section 4442.	YES
Information contained in rosters reviewed was consistent with the hours reported on-line?			YES

***Note:** A few data entry and documentation errors were discovered by the Analyst during the visit that were immediately corrected by Ms. Elgas following the visit.*

AUDIT

General Dynamics NASSCO will be notified in writing if this Agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

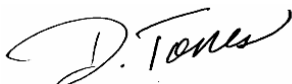
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Ms. Campion at 619-686-1917, or at kcampion@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Regional Office

A handwritten signature in black ink, appearing to read "Krista Campion". The signature is fluid and cursive, with a long horizontal stroke at the end.

Krista Campion, Contract Analyst
San Diego Regional Office

cc: Valerie Houlihan, Manager of Employee Development, NASSCO
Kulbir Mayall, ETP Fiscal Manager
Master File
Project File
Final Report File